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July 30, 2004

Mary L. Cottrell, Secretary  
Department of Telecommunication and Energy  
One South Station, 2<sup>nd</sup> Floor  
Boston, MA 02202

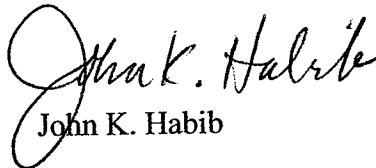
Re: Cambridge Electric Light Company/Commonwealth Electric Company,  
D.T.E. 04-60

Dear Secretary Cottrell:

Enclosed please find the responses of Cambridge Electric Light Company ("Cambridge") and Commonwealth Electric Company ("Commonwealth"), each d/b/a NSTAR Electric ("NSTAR Electric" or the "Companies") to discovery questions asked by the Attorney General in the above-referenced proceeding, as listed on the following Discovery Log.

Thank you for your attention to this matter.

Very truly yours,

  
John K. Habib

Enclosures

cc: Service List  
Joan Foster Evans, Hearing Officer (2)  
Colleen McConnell, Assistant Attorney General (2)

# LOG OF RESPONSES FILED

**D.T.E. 04-60**

**July 30, 2004**

Response	Status	Other
DTE-1-1	Filed July 22, 2004	Attachment
DTE-1-2	Filed July 22, 2004	
DTE-1-3	Filed July 22, 2004	
DTE-1-4	Filed July 22, 2004	Attachments DTE-1-4 (a) and (b)- Public CD-ROM (REVISED)
DTE-1-5	Filed July 22, 2004	Attachments DTE-1-5 (a) and (b)- Public CD-ROM (REVISED)
DTE-1-6	Filed July 22, 2004	
DTE-1-7	Filed July 22, 2004	
DTE-1-8 <b>CONFIDENTIAL</b>	Filed July 22, 2004	
DTE-1-9	Filed July 22, 2004	
DTE-1-10	Filed July 22, 2004	Attachments - <b>CONFIDENTIAL</b> CD-ROM (REVISED)
DTE-1-11	Filed July 22, 2004	Attachments - <b>CONFIDENTIAL</b> CD-ROM (REVISED)
DTE-1-12	Filed July 22, 2004	
DTE-1-13	Filed July 22, 2004	
DTE-1-14	Filed July 22, 2004	
DTE-1-15	Filed July 22, 2004	
DTE-1-16	Filed July 22, 2004	
DTE-1-17	Filed July 22, 2004	
DTE-1-18	Filed July 22, 2004	
DTE-1-19	Filed July 22, 2004	
DTE-1-20	Filed July 22, 2004	
DTE-1-21	Filed July 22, 2004	
DTE-1-22	Filed July 22, 2004	
DTE-1-23	Filed July 22, 2004	
DTE-1-24	Filed July 22, 2004	
DTE-1-25	Filed July 22, 2004	
DTE-1-26	Filed July 22, 2004	Attachment
DTE-1-27	Filed July 22, 2004	
DTE-1-28	Filed July 22, 2004	
DTE-1-29	Filed July 22, 2004	
DTE-1-30	Filed July 22, 2004	
DTE-1-31	Filed July 22, 2004	

<b>Response</b>	<b>Status</b>	<b>Other</b>
DTE-1-32	Filed July 22, 2004	Attachment- <b>CONFIDENTIAL</b> – CD-ROM (REVISED)
DTE-1-32 (Supp)	Filed July 27, 2004	Attachment
DTE-1-33	Filed July 22, 2004	
DTE-1-34	Filed July 22, 2004	
DTE-1-35	Filed July 22, 2004	Attachment
AG-1-1	Filed July 22, 2004	Attachments AG-1-1 (a) through (v)
AG-1-2	Filed July 22, 2004	Attachment AG-1-2- <b>CONFIDENTIAL</b> CD-ROM (REVISED)
AG-1-3	Filed July 22, 2004	Attachments AG-1-3(a) and (b)
AG-1-4 <b>CONFIDENTIAL</b>	Filed July 22, 2004	Attachment AG-1-4 - <b>CONFIDENTIAL BULK</b> CD-ROM (REVISED)
		Attachment AG-1-5-(Public Provided in Hard Copy)
AG-1-5	Filed July 26, 2004	Attachment AG-1-5 - <b>CONFIDENTIAL BULK</b> CD-ROM
AG-1-6	Filed July 22, 2004	
AG-1-7	Filed July 22, 2004	Attachment AG-1-7- <b>CONFIDENTIAL</b> CD-ROM (REVISED)
AG-1-8 <b>CONFIDENTIAL</b>	Filed July 22, 2004	Attachment AG-1-8 - <b>CONFIDENTIAL BULK</b> CD-ROM (REVISED)
AG-1-9	Filed July 22, 2004	
AG-1-10	Filed July 22, 2004	Attachment AG-10
AG-1-11	Filed July 22, 2004	
AG-1-12	Filed July 22, 2004	Attachment AG-1-12(a) and (b)
DTE-2-1		
DTE-2-2		
DTE-2-3		
DTE-2-4		
DTE-2-5		
DTE-2-6		
DTE-2-7		
DTE-2-8		
DTE-2-9		
DTE-2-10		
AG-2-1	Filed Herewith	
AG-2-2	Filed Herewith	Attachment AG-2-2
AG-2-3	Filed Herewith	Attachment AG-2-2(a) <b>CONFIDENTIAL</b> Attachment AG-2-3(b) <b>CONFIDENTIAL</b>
AG-2-4	Filed Herewith	Attachment AG-2-4 <b>CONFIDENTIAL</b>
AG-2-5	Filed July 28, 2004	
AG-2-6	Filed July 28, 2004	
AG-2-7	Filed July 28, 2004	

<b>Response</b>	<b>Status</b>	<b>Other</b>
AG-2-8	Filed Herewith	
AG-2-9	Filed July 28, 2004	
AG-2-10	Filed Herewith	
AG-2-11	Filed July 28, 2004	
AG-2-12	Filed Herewith	
AG-2-13	Filed Herewith	
AG-2-14	Filed Herewith	
AG-2-15	Filed Herewith	
AG-2-16	Filed Herewith	
AG-2-17	Filed Herewith	
AG-2-18	Filed July 28, 2004	
AG-2-19	Filed July 28, 2004	
AG-2-20		
AG-2-21	Filed Herewith	Attachment AG-2-21 CD-ROM <b>BULK</b>
AG-2-22	Filed Herewith	
AG-2-23	Filed Herewith	
AG-2-24	Filed Herewith	
AG-2-26	Filed Herewith	
AG-2-27	Filed Herewith	Attachment AG-2-27 CD-ROM <b>CONFIDENTIAL</b>
AG-3-1		
AG-3-2		
AG-3-3		
AG-3-4		
AG-3-5		
AG-3-6		
AG-3-7		
AG-3-8		
AG-3-9		
AG-3-10		
AG-3-11		
AG-3-12		
AG-3-13		
AG-3-14		
AG-3-15		
AG-3-16		
AG-3-17		
AG-3-18		

Information Request AG-2-1

Please provide the explanation of why the Pittsfield unit's capacity factor recently has averaged only 27%. Hevert Testimony p. 26.

Response

The Pittsfield unit's capacity factor has recently averaged only 27 percent over the last 10 months. Please see Attachment AG-2-2 for the capacity factors for the period September 2003 through June 2004.

Effective September 2003, the Pittsfield units were offered into the ISO-NE market system at increasing price offer blocks based on spot gas prices, which resulted in significantly reduced dispatch. The pricing modification of the units offered into the ISO-NE market system coincided with Pittsfield's loss of PGE&T as an entitlement holder due to US Gen NE's bankruptcy.

Please refer to the response to Information Requests AG-1-10 and AG-1-1, Attachment (u) and (v) for explanations and correspondence between NSTAR and Pittsfield concerning the unit bidding issue.

Information Request AG-2-2

Please provide the Pittsfield plant's monthly capacity factor for the period January 1996 to the most recent month available.

Response

The requested information is presented in Attachment AG-2-2.

# Attachment AG-2-2

## Pittsfield Monthly Capacity Factors for Cambridge and Commonwealth

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Cambridge													
1996	92%	91%	89%	70%	81%	99%	91%	104%	66%	90%	68%	87%	86%
1997	93%	92%	85%	90%	88%	111%	105%	105%	95%	90%	95%	92%	95%
1998	93%	91%	90%	90%	84%	104%	101%	103%	86%	90%	91%	92%	93%
1999	95%	93%	93%	70%	86%	104%	98%	101%	87%	74%	76%	82%	88%
2000	90%	88%	68%	72%	75%	90%	91%	97%	87%	89%	89%	91%	85%
2001	89%	87%	80%	65%	79%	95%	102%	101%	86%	81%	76%	90%	85%
2002	84%	89%	88%	65%	68%	86%	92%	98%	85%	91%	91%	94%	86%
2003	95%	85%	70%	87%	89%	107%	107%	103%	32%	27%	26%	27%	70%
2004	29%	26%	27%	26%	25%	29%							27%

Commonwealth													
1996	92%	91%	89%	70%	81%	99%	91%	104%	66%	90%	68%	87%	86%
1997	93%	92%	85%	90%	88%	111%	105%	105%	95%	90%	95%	92%	95%
1998	93%	91%	90%	90%	84%	104%	101%	103%	86%	90%	91%	92%	93%
1999	95%	93%	93%	70%	86%	104%	98%	101%	87%	74%	76%	82%	88%
2000	90%	88%	68%	72%	75%	90%	91%	97%	87%	89%	89%	91%	85%
2001	89%	87%	80%	65%	79%	95%	102%	101%	86%	81%	76%	90%	85%
2002	84%	89%	88%	65%	68%	86%	92%	98%	85%	91%	91%	94%	86%
2003	95%	85%	70%	87%	89%	107%	107%	103%	32%	27%	26%	27%	70%
2004	29%	26%	27%	26%	25%	29%							27%

Information Request AG-2-3

Please provide a recalculation of Exhibits RBH-5 and RBH-6 assuming that the Company took its full annual entitlements (kW and kWh) under the original terms of the PPA.

Response

In the analysis in Exhibit NSTAR RBH-6 **CONFIDENTIAL**, the Company is taking the full annual entitlements under the original terms of the PPA. The most recent historical capacity factors have been in the range of 27% to 37%, which results in customer savings between 10.69% and 12.45%. A recalculation of Exhibit NSTAR RBH-6 with the capacity factor at previous historic levels between 80% and 86% results in savings between 2.24% and 0.93% (please see Attachments AG-2-3 (a) **CONFIDENTIAL** and AG-2-3(b) **CONFIDENTIAL**). However, the Company does not expect the Pittsfield unit to operate in the future at capacity factors near historic levels based upon current fuel prices and its more recent bidding of the unit into the ISO-NE market.

Please note that the information provided herein is confidential, proprietary and competitively sensitive and is being provided subject to a Non-Disclosure Agreement between NSTAR Electric and the Attorney General and a forthcoming Motion for Protective Treatment of responses to the Department's and the Attorney General's Second Set of Discovery in this proceeding.



		2004	2005	2006	2007	2008	2009	2010	2011
<i>(in \$1,000's)</i>									
Line									
1	Cambridge Electric								
2	Projected Market Price								
3	Projected Contract Cost								
4	Above Market Amount								
5	Present Value [1]								
6									
7									
8	Commonwealth Electric								
9	Projected Market Price								
10	Projected Contract Cost								
11	Above Market Amount								
12	Present Value [1]								
13									
14									
15									
16	Total PV of Above Market Amount [1]								
17									
18	Pittsfield Termination Price								
19	Reduction in Above Market								
20									
21									
22									
23									
24									
25									

**REDACTED**

Cambridge Projected Contract Cost Summary

Line	Year	Total KWh [1]	Energy Charge [2]	Capacity Charge [3]	Availability Adjustment [4]	Gas Transportation Charge [5]	Capital Costs [6]	Transmission Charge [7]	Total
------	------	---------------	-------------------	---------------------	--------------------------------	----------------------------------	-------------------	----------------------------	-------

1 2004  
2 2005  
3 2006  
4 2007  
5 2008  
6 2009  
7 2010  
8 2011

REDACTED

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Commonwealth Projected Contract Cost Summary

Line	Year	Total KWh [1]	Energy Charge [2]	Capacity Charge [3]	Availability Adjustment [4]	Gas Transportation Charge [5]	Capital Costs [6]	Total
------	------	---------------	-------------------	---------------------	--------------------------------	----------------------------------	-------------------	-------

1 2004  
2 2005  
3 2006  
4 2007  
5 2008  
6 2009  
7 2010  
8 2011

REDACTED

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Henwood Power and Fuel Forecast Market Prices [1]

Average Annual Prices (Nominal \$)

Line	Power (\$/MW)		Capital Costs [6]		
	Year	NEMA 24/7	SEMA 24/7	Fuel (\$/Mmbtu)	
				Gas	Oil
					Coal

1 2004  
2 2005  
3 2006  
4 2007  
5 2008  
6 2009  
7 2010  
8 2011  
9  
10  
11  
12  
13

**REDACTED**

Projected Market Price Summary

Line	Year	Total KWh [1]	NEMA Prices (\$/MWh)	SEMA Prices (\$/MWh)	Cambridge Market Prices [2]	Commonwealth Market Prices [3]
1	2004					
2	2005					
3	2006					
4	2007					
5	2008					
6	2009					
7	2010					
8	2011					
9						
10						
11						
12						
13						
14						
15						

REDACTED

		2004	2005	2006	2007	2008	2009	2010	2011
Line									
1	Cambridge Electric								
2	Projected Market Price								
3	Projected Contract Cost								
4	Above Market Amount								
5	Present Value [1]								
6									
7									
8	Commonwealth Electric								
9	Projected Market Price								
10	Projected Contract Cost								
11	Above Market Amount								
12	Present Value [1]								
13									
14									
15									
16	Total PV of Above Market Amount [1]								
17									
18	Pittsfield Termination Price								
19	Reduction in Above Market								
20									
21									
22									
23									
24									
25									

**REDACTED**

Cambridge Projected Contract Cost Summary

Line	Year	Total KWh [1]	Energy Charge [2]	Capacity Charge [3]	Availability		Gas Transportation		Capital Costs [6]		Transmission		Total
					Adjustment [4]		Charge [5]				Charge [7]		

1 2004  
2 2005  
3 2006  
4 2007  
5 2008  
6 2009  
7 2010  
8 2011

REDACTED

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Commonwealth Projected Contract Cost Summary

Line	Year	Total KWh [1]	Energy Charge [2]	Capacity Charge [3]	Availability Adjustment [4]	Gas Transportation Charge [5]	Capital Costs [6]	Total
1	2004							
2	2005							
3	2006							
4	2007							
5	2008							
6	2009							
7	2010							
8	2011							
9								
10								
11								
12	[1] 37							
13	[2] Br							
14	as Co							
15								
16								
17								
18								

REDACTED



Henwood Power and Fuel Forecast Market Prices [1]  
Average Annual Prices (Nominal \$)

Line	Year	Power (\$/MW)		Capital Costs [6]		
		NEMA 24/7	SEMA 24/7	Fuel (\$/Mmbtu)		
				Gas	Oil	Coal

1 2004  
2 2005  
3 2006  
4 2007  
5 2008  
6 2009  
7 2010  
8 2011  
9  
10  
11  
12  
13

REDACTED

Projected Market Price Summary

Line	Year	Total KWh [1]	NEMA Prices (\$/MWh)	SEMA Prices (\$/MWh)	Cambridge Market Prices [2]	Commonwealth Market Prices [3]
1	2004					
2	2005					
3	2006					
4	2007					
5	2008					
6	2009					
7	2010					
8	2011					
9						
10						
11						
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14						
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REDACTED

Information Request AG-2-4

Please provide a recalculation of Exhibits RBH-5 and RBH-6 adjusted only to reflect the currently prevailing fuel prices for the entire period of the analysis.

Response

The Companies assume that the question intends to focus on Exhibit NSTAR-RBH-6 **CONFIDENTIAL** because that exhibit demonstrates the above-market amount of the existing Pittsfield agreements (Exhibit RBH-5 represents bids submitted by auction participants). Accordingly, please refer to the attached spreadsheet for a recalculation of the contract costs in Exhibit NSTAR RBH-6 **CONFIDENTIAL** (Attachment AG-2-4 **CONFIDENTIAL**). The currently prevailing fuel prices that were utilized are shown in the table below:

Fuel	Source	Price (\$)
Gas	NYMEX Gas Futures (HH)	\$5.96/mmbtu
Coal	NYMEX Central Appalachian Coal Futures	\$60.00/ton <sup>1</sup>
No. 6 Residual Oil – 2.2% sulfur	Journal of Commerce, “Oil Price Daily NY Harbor Cargo Prices	\$33.25/barrel

These prices were inserted in the attached model for the entire period of the analysis and resulted in an increase in the expected savings from 10.69% to 16.13%.

Please note that the information provided herein is confidential, proprietary and competitively sensitive and is being provided subject to a Non-Disclosure Agreement between NSTAR Electric and the Attorney General and a forthcoming Motion for Protective Treatment of responses to the Department’s and the Attorney General’s Second Set of Discovery in this proceeding.

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<sup>1</sup> Excludes transportation costs to New England.

(in \$1,000's)

Line		2004	2005	2006	2007	2008	2009	2010	2011
1	Cambridge Electric								
2	Projected Market Price	\$957.49	\$3,979.75	\$3,466.72	\$3,432.72	\$3,593.25	\$3,721.68	\$3,922.28	\$4,143.30
3	Projected Contract Cost	\$4,275.60	\$16,385.44	\$16,588.84	\$17,007.85	\$11,405.98	\$3,721.68	\$3,922.28	\$4,143.30
4	Above Market Amount	\$ (3,318)	\$ (12,406)	\$ (13,122)	\$ (13,575)	\$ (7,813)	\$ -	\$ -	\$ -
5	Present Value [1]	\$ (42,904)							
6									
7									
8	Commonwealth Electric								
9	Projected Market Price	\$926.90	\$3,817.37	\$3,346.39	\$3,138.36	\$3,238.19	\$3,334.96	\$3,492.46	\$3,631.84
10	Projected Contract Cost	\$4,157.86	\$15,875.99	\$15,921.77	\$16,593.05	\$12,219.19	\$3,334.96	\$3,492.46	\$3,631.84
11	Above Market Amount	\$ (3,231)	\$ (12,059)	\$ (12,575)	\$ (13,455)	\$ (8,981)	\$ -	\$ -	\$ -
12	Present Value [1]	\$ (42,761)							
13									
14									
15									
16	Total PV of Above Market Amount [1]	\$ (85,666)							
17									
18	Pittsfield Termination Price	\$ (71,847)							
19	Reduction in Above Market	16.13%							
20									
21									
22									
23									
24									
25									

## NOTES

[1] Present value at 7.82% as of 10/1/04

Cambridge Projected Contract Cost Summary

Line	Year	Total KWh [1]	Energy Charge [2]	Capacity Charge [3]	Availability Adjustment [4]	Gas Transportation Charge [5]	Capital Costs [6]	Transmission Charge [7]	Total
1	2004								
2	2005								
3	2006								
4	2007								
5	2008								
6	2009								
7	2010								
8	2011								
9									
10									
11									
12									
13									
14									
15									
16									
17									
18									

REDACTED

Commonwealth Projected Contract Cost Summary

Line	Year	Total KWh [1]	Energy Charge [2]	Capacity Charge [3]	Availability Adjustment [4]	Gas Transportation Charge [5]	Capital Costs [6]	Total
1	2004							
2	2005							
3	2006							
4	2007							
5	2008							
6	2009							
7	2010							
8	2011							
9								
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11								
12								
13								
14								
15								
16								
17								
18								

REDACTED

Henwood Power and Fuel Forecast Market Prices [1]  
Average Annual Prices (Nominal \$)

Line	Year	Power (\$/MW)		Capital Costs [6]		
		NEMA 24/7	SEMA 24/7	Gas	Oil	Coal

1 2004  
2 2005  
3 2006  
4 2007  
5 2008  
6 2009  
7 2010  
8 2011  
9  
10  
11  
12  
13

REDACTED

Projected Market Price Summary

Line	Year	Total KWh [1]	NEMA Prices (\$/MWh)	SEMA Prices (\$/MWh)	Cambridge Market Prices [2]	Commonwealth Market Prices [3]
1	2004					
2	2005					
3	2006					
4	2007					
5	2008					
6	2009					
7	2010					
8	2011					
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14						
15						

REDACTED



Information Request AG-2-8

Is the Pittsfield plant currently being dispatched pursuant to the provisions of the PPA? If so, provide a reference to the provisions of the PPA, which are governing the dispatch, the units. If not, provide an explanation of how the units are being dispatched including the name the party that is currently controlling the dispatch of the units.

Response

Please refer to the responses to Information Requests AG-1-10 and Attachments AG-1-1 (u) and (v) for explanations and correspondence between NSTAR Electric and Pittsfield concerning the bidding issue.

Effective September 2003, the Pittsfield units were offered into the ISO-NE market system at increasing price offer blocks based on spot gas prices, which results in reduced dispatch. ISO-NE controls the dispatch of the units. The pricing modification of the units offered into the ISO-NE market system coincided with Pittsfield's loss of PGE&T as an entitlement holder due to US Gen NE's bankruptcy. Entergy Koch became lead participant for the Pittsfield units effective November 1, 2003.

Regarding the PPAs, the provisions that generally govern the dispatch of the facility include, but are not limited to, Sections 2.1, 2.2, 4.1, 4.2 and 6.1. In addition, there are a variety of NEPOOL and ISO-NE market rules that apply to bidding and unit dispatch.

Information Request AG-2-10

Please provide the "Availability Factor" used in the calculations of the charges shown in Columns 5 and 6 of Exhibit RBH-6 on both pages 2 of 5 and 3 of 5.

Response

Please refer to the spreadsheet provided as Attachment AG-1-7 **CONFIDENTIAL**, worksheet *Altres*, cell C7. The availability factor used to calculate Columns 5 and 6 of Exhibit RBH-6 **CONFIDENTIAL** on both pages 2 of 5 and 3 of 5 is 96.27%.

Information Request AG-2-12

Please provide the Seller's minimum annual KWh delivery obligation under the terms of the PPA. Include the citation to the contract term that governs.

Response

There is no Seller's minimum annual KWh delivery obligation under the terms of the PPA. The seller is obligated to exert all reasonable efforts consistent with Good Utility Practice to cause the unit to be capable of operating and producing electricity at or near the Design Capacity on a continuous twenty-four hour basis for the full term of the Agreement. Please refer to the response to Information Requests AG-1-10 and Attachments AG-1-1 (u) and (v) for explanations and correspondence between NSTAR Electric and Pittsfield concerning the bidding issue.

Information Request AG-2-13

Explain the differences between the annual Gas Transportation Charges shown in Column 5 of Exhibit RBH-6 pages 2 of 5 and Column 5 of Exhibit RBH-6 page 3 of 5.

Response

Please refer to Attachment AG-1-7 **CONFIDENTIAL**, specifically, the *Altres* worksheet. In column S, Gas Transportation Demand Cost, rows 84 to 119, January 2004 through December 2006, the model assumed 31 days in each month. When the actual number of days per month are inserted into each formula, the Total PV of Above Market Amount changes from \$(80,444) to \$(80,254), resulting in a savings decrease from 10.69% to 10.48%.

Information Request AG-2-14

Explain the differences between the annual Energy Charges shown in Column 2 of Exhibit RBH-6 pages 2 of 5 and Column 2 of Exhibit RBH-6 page 3 of 5.

Response

The difference in the annual Energy Charges shown in Column 2 of Exhibit RBH-6 **CONFIDENTIAL** pages 2 of 5 and Column 2 of Exhibit RBH-6 **CONFIDENTIAL** page 3 of 5 is due to the fact that, beginning in September of 2007, the contract calls for pricing at market prices. As such, the Cambridge Entitlement utilizes the NEMA Henwood electricity prices and the Commonwealth Entitlement utilizes the SEMA Henwood electricity prices, as the forecast for such prices.

Also, please refer to Attachment AG-1-7 **CONFIDENTIAL**, specifically, to the *Altres* worksheet, cell P121. Changing the formula in this cell to  $((\$F\$34/100)*\$U\$12)+((\text{ESCALATORS!F62})*\$V12)^1$  changes the Total PV of Above Market Amount from \$(80,444) to \$(81,316), and increases the expected savings from 10.69% to 11.65%.

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<sup>1</sup> The original model inadvertently referenced cell U10.

Information Request AG-2-15

Please provide an explanation of why there are no charges in Columns 3 through 7 of Exhibit RBH-6 for years 2009 through 2011 with a reference to the Section(s) of the of the PPA that produce this result.

Response

The are no charges in Columns 3 through 6 (the Companies believe that the reference to column 7 above should be column 6) is that the contract pricing is equal to the Companies' avoided costs for capacity and energy per the terms of the contract, Appendix B.1, after the 15<sup>th</sup> anniversary of the in service date. The Companies' avoided cost is equal to the Henwood forecast for energy which is inclusive of capacity and which is provided in column 2.

Information Request AG-2-16

Refer to Appendix A and B, the Termination Agreements, Section 5, Releases. Please provide the amount of currently outstanding or anticipated PPA Refunds.

Response

This language was included in the event that there were any over-billing based on estimates that would need to be refunded. There are no anticipated PPA Refunds.

NSTAR Electric  
Department of Telecommunications and Energy  
D.T.E. 04-60  
Information Request: **AG-2-17**  
July 30, 2004  
Person Responsible: Geoffrey O. Lubbock  
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Information Request AG-2-17

Please provide a copy of the invoices for the cost of transmission services for the output of the Pittsfield Units to Cambridge Electric for the calendar years 2002 and 2003.

Response

Please refer to Attachment AG-2-21 [CD-ROM] for the requested information.



Information Request AG-2-21

Please provide copies of invoices rendered by Altresco Pittsfield, L.P. or Pittsfield Generating Company, L.P. to Cambridge Electric Company and Commonwealth Electric Company for service rendered during the years 1997 through 2004.

Response

Please refer to the attached CD-ROM (Attachment AG-2-21).

Information Request AG-2-22

Please provide a copy of all written agreements (or a description of any oral agreements) entered into between the Parties pursuant to Section 6.4 of the PPA (added by the Second Amendment To Power Purchase Agreement).

Response

There have been no agreements entered into between the Parties pursuant to Section 6.4 of the Second Amendment to the Power Purchase Agreement.

Information Request AG-2-23

Please provide an explanation and analysis of the extent to which Total KWh shown in Column 1 of Exhibit RBH-6 on both pages 2 of 5 and 3 of 5 anticipate the execution of agreements between the Parties pursuant to Section 6.4 of the PPA (added by the Second Amendment To Power Purchase Agreement).

Response

There is no record of any requests under Section 6.4 of the PPA. Given this fact, CEA opted to reflect only Unit Contingent power, using historical trends and recent market changes, to estimate deliveries going forward.

Information Request AG-2-24

Please provide a calculation of each Companies' minimum amount of power that is required to be purchased under the terms of the PPA for each year during the period 2004 through 2011 before any adjustments pursuant to the provisions of Section 6.4.

Response

There is no minimum amount of power that is required to be purchased under the terms of the PPA for each year during the period 2004 through 2011. Please refer to the response to Information Request AG-2-12.

For the period 2004 through 2011, there are no projected adjustments pursuant to the provisions of Section 6.4. Please refer to the response to Information Request AG-2-22.

Information Request AG-2-26

Please provide a calculation of the present value of savings to customers of the contract terminations assuming the existing entitlements were used to serve the Companies' Default Service load during the period March 1, 2005 through December 31, 2011. Quantify all products associated with the Companies' entitlements that would benefit Default Service customers (ICAP, reserves and other ancillary services, etc.). Provide the results and all underlying calculations in the form of a working spreadsheet model. Include all supporting workpapers, calculations, documentation and assumptions. The response should include recalculations of Exhibits NSTAR-CAM/COM-GOL-2 through 8 and additional schedules comparable to Exhibits NSTAR-CAM/COM-GOL-7 and 8 for Default Service, years 2005 through 2011.

Response

There would be a cost to the customer rather than a savings if these contracts were used to supply Default Service rather than be terminated as proposed. The costs would be \$2.976M to Cambridge customers and \$2.866M to Commonwealth customers. This is the amount of the savings foregone through not closing the proposed buyout with Pittsfield.

The Henwood forecast is the Company's current best estimate of the value for energy, capacity and other products associated with this wholesale contract. This forecast has been applied to the total obligations under the contracts to determine the above-market costs that are proposed to be collected in the Transition Charge. Therefore, if the Pittsfield entitlements were applied to Default Service, the overall cost of Default Service would not change because Default Service would be provided at the same market-based price. However, the transition charge for all customers would go up by the amount of the foregone savings from terminating the Pittsfield PPAs.

Also, the use of the existing Pittsfield PPAs in the provision of Default Service is inconsistent with the Department's Default Service procurement precedent articulated in D.T.E. 02-40-B at 44-46 (Department directs each distribution company to procure 50 percent of Default Service supply for residential and commercial customers semi-annually, for 12-month terms. The Department also noted that "long-term contracts are not consistent with the uncertain nature of default service loads over an extended period of time," in response to recommendations to have distribution companies procure renewable resources through long-term contracts). If existing PPAs were used to provide Default Service, a pricing/transfer price mechanism would need to be developed that met the Department's pricing goals. The inclusion of the entire costs of the PPAs in Default

Service would drive up the cost of that service, making it a less attractive option for customers who may be relying on it, particularly small commercial and residential customers. In addition, a mechanism would be needed to allocate the output from multiple PPAs to each customer's class and load zone because Default Service is procured by customer class and load zone. Therefore, the Companies do not believe that the long-term use of the existing Pittsfield contracts to serve Default Service load is either consistent with Department precedent or provides customer benefits superior to those offered through termination of the contracts.

Information Request AG-2-27

Refer to Exhibit NSTAR-GOL, p. 14. Please provide the CEA purchased power forecasts. Include all supporting documentation, calculations and assumptions. If the forecast has been updated, provide the updates and supporting documentation.

Response

Please refer to the attached spreadsheets (Attachment AG-2-27 **CONFIDENTIAL CD-ROM**) for the most recent version of the CEA purchased power forecasts.

Please note that the information provided herein is confidential, proprietary and competitively sensitive and is being provided subject to a Non-Disclosure Agreement between NSTAR Electric and the Attorney General and a forthcoming Motion for Protective Treatment of responses to the Department's and the Attorney General's Second Set of Discovery in this proceeding.